

IRS TAX TIP 2003-51

TAX CHANGES FOR BUSINESS OWNERS

At tax time, many business owners want to make sure they are aware of the latest changes that could affect their taxes. If you are one of these owners, a good source of information is IRS Publication 334, "Tax Guide for Small Business." Publication 334 includes a listing of some tax changes for 2002 returns, plus explanations of the changes. It also includes some of the changes for 2003. Publication 553, "Highlights of 2002 Tax Changes," also includes tax changes for businesses as well as individuals.

Here are some of the tax changes for business owners that may affect you:

- You can claim 36.5 cents a mile as the standard mileage rate for 2002 for the cost of operating your car, van, pickup, or panel truck in your business. This rate decreases to 36 cents a mile for business miles you drive in 2003.
- If you are self-employed, you must pay the Social Security part of self-employment taxes for your maximum net self-employment earnings up to \$84,900 for 2002. The ceiling will increase to \$87,000 for 2003.
- If you provide child care facilities and services for your employees, you can receive a tax credit of 25% of the qualified expenses you paid for employee child care and 10% of qualified expenses you paid for child care resource and referral services. This credit is limited to \$150,000 each year.
- If you are self-employed, you can deduct 70% of the amount you paid for medical insurance for yourself and your family. In 2003, the deduction increases to 100%.

For more information or to get a copy of IRS forms and publications, visit the IRS Web site at *IRS.gov*. Forms and publications are also available by calling toll free 1-800-TAX-FORM (1-800-829-3676).

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